Customer Service Committee

*78. SHRI CHETAN P.S. CHAUHAN:
SHRI DATTATRAYA BANDARU:

Will the Minister of FINANCE be pleased to state:

(a) whether the Customer Service Committee has submitted its report;

(b) if so, the details of the recommendations made; and

(c) the steps taken or proposed to be taken by the Government to implement these recommendations?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) to (c). Reserve Bank of India constituted a Committee in September, 1990 under the Chairmanship of Shri M.N. Goiporia, Chairman, State Bank of India to study the current state of customer service in banks and to suggest measures to improve performance in this area. The Committee submitted its report to the Reserve Bank of India in December, 1991. A summary of the recommendations made by the Committee is given in the Statement attached.

Reserve Bank of India have issued necessary instructions to the banks advising them to implement certain recommendations which do not require any further processing. The banks have also been advised to initiate suitable action on some of recommendations which require examination by banks including consultation with employment organizations. The Government and the Reserve Bank of India have taken up for consideration the remaining recommendations.

STATEMENT

1. Commencement of employees' working hours 15 minutes before commencement of business hours can be made operative by banks at branches in metropolican and urban centres.

2. All the customers who enter the banking hall before the close of business hours should be attended to.

3. Banks may extend business hours for all banking transactions except cash, up-till one hour before close of the working hours.

4. It may be ensured that no counter remains unattended during the business hours and uninterrupted service is rendered to the customers.

5. All Branches, except very small branches, should have 'Enquiry' of 'May I help you?' counter, either exclusively or combined with other duties, located near the entry point of the banking hall.

6. Banks may provide one or more Teller Counters at area I centres, including state capitals, at one or more branches catering to cash transactions upto Rs.5000 including encashement of drafts and travellers' cheques upto that amount, as well as non-cash transactions upto Rs. 10000/.

7. Difficulties, in the way of acceptance of small denomina-

tion notes from customers as well as from non-customers for issuance of drafts, should engage the attention of branch officials, controlling offices and the Reserve Bank of India; customers may be taken into confidence about such difficulties.

8. Cash handling by bank branches and functioning of currency chests relocating cash from excess to deficit centres should be actively monitored by the Reserve Bank India.

9. Formation of an extensive 'Currency Corporation of India' may be considered.

10. Service relating to exchange of mutilated and soiled notes may be made more customer-friendly by proper training of employees on the one hand and liberalisation of Note Refund Rules on the other.

11. Notes/coins counting machines may be introduced wherever volume of work so warrants.

12. For safe quarding currency notes form early soiling, these may be packed with paper seal/band.

13. In addition to obtaining nomination form, banks may provide for mentioning name and address of the nominee in the account opening form. Publicity about nomination facility is needed, including printing compatible message on cheque book, pass book and any other literature reaching the customer, as well as launching periodical drives to popularise the facility.

14. Unless the customer prefers not to nominate (this may be recorded, without giving scope for conjecture of non-compliance), nomination should be a rule, to cover all other existing and new accounts.

15. Availability of nomination facility, also for safe custody of articles and safe deposit lockers, may be actively publicised.

16. Coupled with stipulations for minimum balance and maximum number of withdrawals, savings bank accounts may be encouraged by offering better rate of interest compared to 5% p.a. being paid at present.

17. Issuance of statements of accounts and updating of pass books with correct and legible particulars should attract banks' constant attention.

18. Customers may be made conscious of the need on their part to bring pass books regularly for updating and employees may be exhorted to attach importance to this area. wherever pass books are held back for updating, because of large number of entries, paper tokens should be issued.

19. Stationery with Pre-demarcated folds/flaps may be used for statements of accounts.

20. Term deposits may be marketed innovatively, by dissemination of information to customers, specifically regarding availability of monthly discounted interest disbursement, and safe custody facility for deposit receipts.

21. Advance instructions from depositors for disposal of the deposit on maturity may be obtained in the application form itself; wherever such instructions are not obtained, intimation for deposit becoming due should be sent as a rule.

22. Banks may accept term deposits in units of Rs. 5000/- or in its multiples, and issue pass books (doing away with deposit receipt system).

23. Change in interest rates on deposits should be made applicable to the existing deposits also.

24. Change in interest rates on deposits should be made known to customer as well as bank branches by press notifications, based on which branches should be enabled to accept deposits at new rates provisionally, to be confirmed later, on receipt of official communication.

25. Customers should get expert guidance from banks in their day-tod-day decision making about investment in deposit schemes, etc.

26. Trilingual brochures and pamphlets should be actively promoted, containing myriad customer-useful information.

27. Term deposits with banks should be afforded tax benefits.

28. More and more looker facilities in residential areas and setting-up of specialised branches/subsidiaries for this purpose may be examined.

29. Single-window concept may be introduced for issuance of drafts, authorising employee at the counter to sign drafts upto Rs. 5,000 which are pre-countersigned by another authorised signatory.

30. System of one employee disposing of the applicant for draft as above, can be introduced for banker's cheque and pay order also.

31. 'Bank orders', like the postal orders, may be introduced in denominations of Rs. 5, Rs. 20, Rs. 100, Rs. 500, Rs. 1000 etc., providing for payee's name to be filled in by the purchaser.

32. Facility of instant credit of outstation cheques may be raised to Rs. 5000 (from Rs. 2500). A separate type of pay-in-slip may be evolved for availing of this facility.

33. Delay in collection of outstation cheques may be compensated by paying interest at 2 percent p.a. above savings bank rate, if such interest payable is Rs. 5/- or more.

34. Where delay in crediting bill proceeds can be attributed to the bank, it should pay interest to the lodger for the delayed period at the rate of 2% above savings bank interest.

35. In the case of delay in collection of export proceeds, banks may take up with the overseas importer's bank.

36. Dishonored instruments may be returned/despatched to the coutomet within 24 hours.

37. When purchased/discounted instruments are sent to their own branches for collection, banks may exclude delays attributable to themselves while recovering overdue interest.

38. If remittance of proceeds is delayed beyond two days by paying bank, it should reimburse to the collecting bank interest for such delay.

39. Telegraphic Transfer (TTs) issued and payable at Area I centres including state capitals may be value-dated on third day; other remittances may be credited on receipt of telegram or confirmation thereof whichever is received earlier.

40. Delay beyond eighth day in crediting mail transfers(MTs) may be compensated by paying interest at 2 percent p.a. above savings bank rate and paying such interest if it is Rs. 5/- or more.

41. Clearing houses may be set up at centres having ten or more banks; lead bank of the district may manage such I clearing house. More centres may be covered by National Clearing.

42. Loan proposals may be simultaneously submitted by bank branches to all the controlling offices, enabling sanctioning office to release its decision quickly.

43. processing official from controlling office may visit branches for expediting processing where loan applications are in bulk.

44. Working capital applications may be processed by banks simulteneously with financial institutions dealing with term loan applications.

45. Hesitation or fear psychosis about use of delegated powers by officials should be removed by proper message percolating down from top management.

46. Summeised sed and updated norms relating to various loan schemes may be mad available to branch officials interacting with respective loanees.

47. After agreeing at consortium meeting, processing and sanctioning its won share of credit facility by any member bank should not be delayed beyond 45 days. Disbursement of such agreed share should not be delayed for constraint of funds

which the bank should arrange on its own initiative.

48. Single-window approach in regard to documentation of consortium finance may be promoted actively.

49. Loan application under Government schemes should be made to flow from sponsoring bodies to bank branches smoothly on an ongoing basis.

50. Before launching any new scheme, Government any consult the Reserve Bank of India, the NABARD and the Indian Banks' Association, to make schemes compatible for easy implementation.

51. More centres may be notified for creation of equitable mortagages, covering district headquarters to start with. In the long run, notified centres concept my be done away with by suitable statutory amendment.

52. Each employee may wear on his person an identify badge, displaying Photograph and name thereon.

53. Periodic change of desk and entrustment of elementary supervisory jobs may be considered for clerical employees.

54. Training programmes should be in line with customer service orientation.

55. Induction training should be a must for all newly recruited clerical and officer employees.

56. Specialised training/post-training placement for select employees should be revitalised.

57. Training programmes of the NIBM may be integrated and aligned with banks' needs. Banks' faculty may develop short courses in practical banking under the aegies of the NIBM.

58. Quality of Training should be upgraded by paying greater attention to the process of selection of faculty and needs of training institutions.

59. Quality cricles may be encouraged.

60. Reward and recognition system should be used effectively.

61. Decisions taken by the employees in good faith should be noted by the controlling offices in proper perspective. Lower grade officers may be kept out of the purview of Central Vigilance Commission, by proper vigilance infrastructure, developed in house. CVC could depute his officials to banks to understand banks functioning.

62. Employess unions and officers' associations should be invited to be with the management to radiate spirit of customer service towards one and all of the banks' employees.

63. At metro and urban centres work may be automated and modern techniques of working may be adopted: where nec-

essary in consulation with the Unions.

64. Cutomers' transactions, especially transfer of funds, may be attended to, by putting to effective use of BANKNET, S.W.I.F.T. Remote Area Business message networked (RABMN), etc.

65. New procedures may be introduced and obsolete ones may be done away with on an ongoing basis.

66. Banks should subject themselves to customer service audit covering grassroots level as well as macro level.

67. Complaint book with perforated copies in each set may be introduced, so designed as to instantly provide an acknowledgement to the customer and an intimation to the controlling office.

68. Branch level Customer Service Committee should be rejuvenated.

69. Periodical meetings should be held with customers and their representative bodies.

70. Quarterly Customer Relation Programmes to interact with different cross-sections of customers should be utilised for identifying action points to upgrade the customer service.

71. Inspectors/auditors should give due importance in their reports to customer services aspects, such as efficacy of complaints handling and grievance redressal machinery.

72. Report on customer service may be called for by the Reserve Bank of India. The Reserve Bank of India may conduct evaluation studies on implementation of customer service measures.

73. Customer service recommendations may be given out as a charter to ensure good customer service from banks. A monthly report may be given designed to be submitted to controlling office to keep it informed of state of customer service.

74. Special attention may be bestowed on complaint prone areas and special task forces may be constituted to bring up branches in such areas.

75. Public relation oriented officers may be posted to complaint prone branches with a view to coverting these into good customer service units.

76. While more employees may be brought in the customer service circle by training by being recognised by rewards and by being shown out as examples in customer service culture, deliberate recalcitrance and disregard of customer service spirit should be taken note of in concerned employees' service records besides taking other action.

77. Senior officials from control-

ling offices may give priority to customer service aspects during their branch visits, crosschecking actual atmosphere with a copy of the customer service report.

78. Customer Service Centres may be dissolved.

79. Restricted holidays, on Government pattern, may be introduced in banks also, to provide more working days. The number of holidays in a year including restricted holidays should not be more than 15 days in any state.

80. Infrastructure facilities at branches should be upgraded by bestowing particular attention to providing adequate space, proper furniture, drinking water facilities, etc.,

81. Specialised branches may be opened may be for catering to exclusive customer segments. Personalised service may be promoted by levy of higher service charge, if necessary.

82. Optimum branch size may be determined for the present, identifying at present level of staff strength not exceeding 100 and business level not beyond Rs. 200 crores.

83. Unwieldy large branches my be trimmed, by carving our certain functional area to be spun off to new specialised branches.

84. The manpower should be redistributed/redeployed to ensure need based availability of staff at branches.

85. Instead of joint publicity by public sector banks, individual bank may do its own publicity compaigns; wherever public in general is the target group, the Indian Banks' Association my undertake publicity on behalf of the banks.

86. Customer education programmes, wherein banks' employees should also be involved, may consist of advertisements, informative literature, interfaces, seminars, etc. with a view to making the customer emphatical to banks' limitations and predicaments and appreciative of banks' efforts to improve customer service.

87. In predominantly residential areas, banks may observe Sunday working adjusting weekly offs suitably.

88. Banks should review and improve upon the existing security systems in branches so as to instill confidence amongst the employees and the public.

89. Government departments should consider staggering of salary/pension payments to reduce congestion in bank branches on specific days.

90. Banks should arrange for pay telephones in large branches.

91. 'Pass Worked' system may be evolved to facilitate customers

to get answers to routine queries over the phone thus reducing customers' visits.

92. Credit cards and other innovative products like ATMs may be floated on a joint venture basis.

93. Best branches form customer service point of view should be rewarded by annual awards/ running shield.

94. Government should consider issuing cheques instead of passing pay orders on the bills for payment to persons/bodies.

95. Tax collection and such others work on behalf of Government and public undertakings may be undertaken only after careful assessment of infrastructure etc., and its impact on the quality of regular customer service. As far as possible, specialised branches my provide such facilities.

96. Time norms for specialised business transactions should be displayed protominently in the banking hall.

97. The Reserve Bank of India my consider reviewing its functioning and upgradation of tis systems to improve the standards of customer serivce.

Housing Loan Scheme

*79. SHRI LOKANATH CHOUDHURY: Will the Minister of FINANCE be pleased to state:

(a) whether the Government have introduced a housing loan scheme through public sector banks;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) to (c). Reserve Bank of India have been issuing guidelines to the commercial banks from time to time to extend loans to housing sector. Since January 1989, the overall housing finance to be provided by banks have been linked to the growth of their deposits and they are required to lend 1.5.% of their incremental deposits of the current year over that of the previous year to the housing sector. The banks are under further instructions from RBI that at least 30% of the total allocation for housing should be reserved for direct lending and out of that at least half should be given in rural and semi-urban areas. 30% of the allocation is required to be extended by way of term loans to housing finance companies, housing boards and other public housing agencies and rest 40% is to be made available for subscriptions to guaranteed bonds and debentures of National Housing Bank of Housing and Urban Development Corporation.

National Housing Bank is also operating since July, 1989 their Home Loan Account scheme through branches of the commercial banks throughout the country. Under the Scheme, an individual can open a Home Loan Account and will be required to contribute a minimum of Rs. 30 per month or in quarterly, half yearly or annual instalments in multiple thereof, for a minimum period of 5 years. The maximum amount of loan to be given by the bank under the scheme, will be a multiple of the amount of accumulated savings including upto-date interest. As on 31st December, 1991, 5.5